



FEDERAL COMMUNICATIONS COMMISSION
Enforcement Bureau
Investigations and Hearings Division
445 12th Street, S.W., Suite 4-C330
Washington, D.C. 20554

August 11, 2006

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Susan L. Fox
The Walt Disney Company
1150 17th Street, N.W.
Suite 400
Washington, DC 20036

Re: Station KABC-TV, Los Angeles, CA
Station WPVI-TV, Philadelphia, PA
File No. EB-06-IH-1388

Dear Licensee:

The Enforcement Bureau is investigating whether ABC Holding Company, Inc. ("ABC"), which is owned and/or controlled by the Walt Disney Company, may have violated section 317 of the Communications Act of 1934, as amended, 47 U.S.C. § 317, and section 73.1212 or 76.1615 of the Commission's rules,¹ by airing certain video news releases ("VNRs") or satellite media tours ("SMTs") without proper sponsorship identification. According to a study by the Center for Media and Democracy ("CMD"), certain broadcast television stations, including KABC-TV and WPVI-TV, allegedly aired one or more of 36 VNRs and/or related SMTs without proper sponsorship identification.

We therefore direct ABC to provide the information and documents, as defined herein and specified below, within sixty (60) calendar days from the date of this letter.²

Instructions

Request for Confidential Treatment. If ABC requests that any information or documents responsive to this letter be treated in a confidential manner, it shall submit, along with all responsive information and documents, a statement in accordance with section 0.459 of the

¹ 47 C.F.R. §§ 73.1212, 76.1615 ("the sponsorship identification rules").

² See 47 U.S.C. §§ 154(i)-(j) and 403.

ABC, Inc.
S/L KABC-TV
VNRs

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Commission's rules, 47 C.F.R. § 0.459. Requests for confidential treatment must comply with the requirements of section 0.459, including the standards of specificity mandated by section 0.459(b).

Claims of Privilege. If ABC withholds any information or documents under claim of privilege, it shall submit, together with any claim of privilege, a schedule of the items withheld that states, individually as to each such item, the numbered inquiry to which each item responds and the type, title, specific subject matter, and date of the item; the names, addresses, positions, and organizations of all authors and recipients of the item; and the specific ground(s) for claiming that the item is privileged.

Method of Producing Documents. Each requested document, as defined herein, shall be submitted in its entirety, even if only a portion of that document is responsive to an inquiry made herein, unless the document is a recording or transcript, in which case it should be provided only for the period of time of the broadcast specified in the pertinent inquiry herein. This means that the document shall not be edited, cut, or expunged, and shall include all appendices, tables, or other attachments, and all other documents referred to in the document or attachments. All written materials necessary to understand any document responsive to these inquiries must also be submitted.

Identification of Documents. For each document or statement submitted in response to the inquiries below, indicate, by number, to which inquiry it is responsive and identify the person(s) from whose files the document was retrieved. If any document is not dated, state the date on which it was prepared. If any document does not identify its author(s) or recipient(s), state, if known, the name(s) of the author(s) or recipient(s). ABC must identify with reasonable specificity all documents provided in response to these inquiries.

Documents No Longer Available. If a document responsive to any inquiry made herein existed but is no longer available, or if ABC is unable for any reason to produce a document responsive to any inquiry, identify each such document by author, recipient, date, title, and specific subject matter, and explain fully why the document is no longer available or why ABC is otherwise unable to produce it.

Retention of Original Documents. With respect only to documents responsive to the specific inquiries made herein and any other documents relevant to those inquiries, ABC is directed to retain the originals of those documents for twelve (12) months from the date of this letter unless (a) ABC is directed or informed by the Enforcement Bureau in writing to retain such documents for some shorter or longer period of time or (b) the Enforcement Bureau or the Commission releases an item on the subject of this investigation, including, but not limited to, a Notice of Apparent Liability for Forfeiture or an order disposing of the issues in the investigation, in which case, ABC must retain all such documents until the matter has been finally concluded by payment of any monetary penalty, satisfaction of all conditions, expiration of all possible appeals, conclusion of any collection action brought by the United States

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Department of Justice or execution and implementation of a final settlement with the Commission or the Enforcement Bureau.

Continuing Nature of Inquiries. The specific inquiries made herein are continuing in nature. ABC is required to produce in the future any and all documents and information that are responsive to the inquiries made herein but not initially produced at the time, date and place specified herein. In this regard, ABC must supplement its responses (a) if ABC learns that, in some material respect, the documents and information initially disclosed were incomplete or incorrect or (b) if additional responsive documents or information are acquired by or become known to ABC after the initial production. The requirement to update the record will continue for twelve (12) months from the date of this letter unless (a) ABC is directed or informed by the Enforcement Bureau in writing that ABC's obligation to update the record will continue for some shorter or longer period of time or (b) the Enforcement Bureau or the Commission releases an item on the subject of this investigation, including, but not limited to, a Notice of Apparent Liability for Forfeiture or an order disposing of the issues in the investigation, in which case the obligation to update the record will continue until the release of such item.

Unless otherwise indicated, the period of time covered by these inquiries is September 21, 2004, to the present.

Definitions

For purposes of this letter, the following definitions apply:

"ABC" shall mean ABC Holding Company, Inc. and any predecessor-in-interest, affiliate, parent company, any wholly or partially owned subsidiary, other affiliated company or business, and all owners, including but not limited to, partners or principals, and all directors, officers, employees, or agents, including consultants and any other persons working for or on behalf of the foregoing at any time during the period covered by this letter.

"Any" shall be construed to include the word "all," and the word "all" shall be construed to include the word "any." Additionally, the word "or" shall be construed to include the word "and," and the word "and" shall be construed to include the word "or." The word "each" shall be construed to include the word "every," and the word "every" shall be construed to include the word "each."

"Broadcast," when used as noun, shall mean any visual images and audible sounds or language transmitted or disseminated during the course of a radio or television broadcast.

"Broadcast," when used as a verb, shall mean the transmission or dissemination of a television signal intended to be received by the public. The verb "broadcast" may be used interchangeably with the verb "air."

"CMD Study" shall mean Diane Farsetta and Daniel Price, *Fake TV News Widespread and Undisclosed*, Center for Media and Democracy, at <http://www.prwatch.org/pdfs/NFNPDFExt6.pdf> (released by CMD on April 6, 2006).

"Consideration" shall mean money, services and/or any other thing of value.

"Document" shall mean the complete original (or in lieu thereof, exact copies of the original) and any non-identical copy (whether different from the original because of notations on the copy or otherwise), regardless of origin or location, of any taped, recorded, transcribed, written, typed, printed, filmed, punched, computer-stored, or graphic matter of every type and description, however and by whomever prepared, produced, disseminated, or made, including but not limited to any broadcast, advertisement, book, pamphlet, periodical, contract, correspondence, letter, facsimile, e-mail, file, invoice, memorandum, note, telegram, report, record, handwritten note, notes of a meeting or telephone call, working paper, routing slip, chart, graph, photograph, paper, index, map, tabulation, manual, guide, outline, script, abstract, history, calendar, diary, agenda, minute, marketing plan, research paper, preliminary drafts, or versions of all of the above, and computer material (print-outs, cards, magnetic or electronic tapes, disks and such codes or instructions as will transform such computer materials into easily understandable form).

"Identify," when used with reference to a person or persons, shall mean to state his/her full legal name, current business address, phone number, current organization and position therewith. "Identify," when used with reference to a Document, shall mean to state the date, author, addressee, type of document (e.g., the types of Document, as described above), a brief description of the subject matter, its present or last known location and its custodian. "Identify," when used with reference to an entity other than a person, shall mean to state its name, current or last known business address, and current or last known business telephone number.

"Licensee" shall mean the holder of a license or other authorization issued by the Federal Communications Commission for a broadcast television or radio station, and any predecessor-in-interest, affiliate, parent company, any wholly or partially owned subsidiary, other affiliated company or business, and all owners, including but not limited to, partners or principals, and all directors, officers, employees, or agents, including consultants and any other persons working for or on behalf of the foregoing at any time during the period covered by this letter.

"Person" shall mean any individual or organization.

Inquiries: Documents and Information to be Provided

The CMD Study contains video recordings of allegedly original VNR and SMT programming material, as well as video recordings allegedly aired by ABC using that material. Both sets of video recordings are available at <http://www.prwatch.org/node/4573>. According to the CMD Study, ABC allegedly aired a VNR/SMT-based segment containing material on behalf of the following person:

- Quest Diagnostics (Station KABC-TV, Los Angeles, California), on September 21, 2005.
- Panasonic, Namica, and Techno-Source (Station WPVI-TV, Philadelphia, Pennsylvania), on November 23, 2005.

1. For each VNR or SMT programming segment identified above, state whether the ABC station listed above aired the VNR or SMT program material as alleged in the CMD Study. If so, provide the following information:
 - a. the date(s) on which ABC received the VNR or SMT program material;
 - b. any materials ABC received that accompanied the VNR or SMT;
 - c. the person(s) from whom ABC received the VNR or SMT program material;
 - d. the date(s) and time(s) that ABC aired any portion of the VNR or SMT program material;
 - e. two recordings in VHS videotape format of the program(s) containing the VNR or SMT program material;
 - f. a written transcript of the segment(s) containing the VNR or SMT program material;
 - g. the steps, if any, ABC took to determine whether the VNR or SMT program material required sponsorship identification, and the information ABC learned through taking any such steps;
 - h. whether ABC was aware of or had reason to believe that any person involved in the production of the VNR/SMT segment paid or received consideration for the inclusion of material in the segment; and
 - i. whether ABC identified the VNR or SMT program material as sponsored, and if so, the manner in which that identification took place.
 2. For each VNR or SMT programming segment identified above, state whether ABC, or any of its employees or representatives, received or were promised any consideration, from any source, in exchange for airing the VNR or SMT program material. If so, provide the following information:
 - a. the person(s) from whom such consideration was received or was promised;
 - b. the consideration involved;
 - c. the dates on which the payment was promised and/or received;
 - d. the circumstances surrounding each such payment or promise to pay; and
 - e. any pertinent documents relating thereto.
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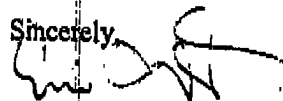
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3. State the policies and procedures of ABC relating to:
 - a. compliance with 47 U.S.C. § 317 of the Communications Act of 1934, as amended, and the Commission's sponsorship identification rules; and
 - b. the handling and use of VNR and SMT program material.
4. To the extent not otherwise specifically requested, provide copies of all Documents that otherwise provide the basis for, support or otherwise relate to the responses to Inquiries 1 through 4 above.

ABC should direct its response via hand-delivery or by mail. If sent by hand-delivery, the response should be directed to the attention of Kenneth M. Scheibel, Jr., Attorney, and Eric J. Bash, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, c/o NATEK, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by mail, the response should be directed to Kenneth M. Scheibel, Jr., Attorney, and to Eric J. Bash, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Rooms 4-A435 and 4-C330, respectively, Washington, D.C. 20554. To the extent practicable, send ABC's response, via electronic mail, to Kenneth.Scheibel@fcc.gov and to Eric.Bash@fcc.gov.

ABC may direct any questions regarding this investigation to Kenneth M. Scheibel, Jr., at 202-418-1420.

Sincerely,



For William H. Davenport
Chief, Investigations & Hearings Division
Enforcement Bureau

Enclosure